



Arnold Schwarzenegger
Governor

July 14, 2010
22M:393:mem:9048

Mr. Jeffrey Rowe, Director
Stanislaus County Alliance Worknet
251 E. Hackett Road, C-2
P.O. Box 3389
Modesto, CA 95358-0031

Dear Mr. Rowe:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Stanislaus County Alliance Worknet's (Stanislaus AW) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

This review was conducted by Ms. Molly Maloney and Ms. Mechelle Hayes from November 3, 2008, through November 7, 2008.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by Stanislaus AW with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with Stanislaus AW representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, Stanislaus AW's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on June 17, 2009 and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed findings two and three cited in the draft report, no further action is required and we consider the issues resolved.

However, because your response did not adequately address finding one cited in the draft report, we consider this finding unresolved. We request that Stanislaus AW provide the Compliance Review Office with a corrective action plan to resolve the issue that led to the finding. Therefore, this finding remains open and has been assigned Corrective Action Tracking System (CATS) number 90158.

BACKGROUND

The Stanislaus AW was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, Stanislaus AW was allocated: \$2,903,051 to serve 672 adult participants; \$3,005,349 to serve 665 youth participants; and \$2,458,488 to serve 434 dislocated worker participants.

For the quarter ending October 2008, Stanislaus AW reported the following expenditures for its WIA programs: \$11,668 for adult participants; \$226,064 for youth participants; and \$133,007 for dislocated worker participants. In addition, Stanislaus AW reported the following enrollments: 342 adult participants; 223 youth participants; and 355 dislocated worker participants. We reviewed case files for 36 of the 702 participants enrolled in the WIA program as of November 3, 2008.

PROGRAM REVIEW RESULTS

While we concluded that, overall, Stanislaus AW is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: youth council membership, income eligibility, and degree or certificate attainment. The findings that we identified in these areas, our recommendations, and Stanislaus AW's proposed resolution of the findings are specified below.

FINDING 1

Requirement: WIA 117(h)(2)(A)(iv) states, in part, that membership of each Youth Council shall include parents of eligible youth seeking assistance under this subtitle.

Observation: The Stanislaus AW does not have a parent of an eligible youth serving as a representative on the Youth Council. The Stanislaus AW staff stated that the position has been vacant for 2–3 years.

Recommendation: We recommended that Stanislaus AW provide the Compliance Review Office (CRO) with a corrective action plan (CAP) showing the steps, including a timeline, that it will take to fill the parent of an eligible youth vacancy. Once filled, we recommended that Stanislaus AW provide CRO with a copy of the Youth Council roster.

Stanislaus AW Response: The Stanislaus AW stated that the Youth Advisory Council (YAC) of the Stanislaus County Local Workforce Investment Board (LWIB) continues to actively pursue efforts to fill the parent of an eligible youth vacancy on the committee. Efforts being made include YAC requests to Contractors, Service providers and the public for recommendations of appropriate and interested individuals who meet the criteria outlined in WIA 117 (h)(2)(A)(iv). The vacancy has been discussed and an appeal for help has been made in the recruitment effort at every YAC meeting since 2008. The Stanislaus AW will continue their recruitment efforts including advertising the vacancy on the Alliance website. Finally, Stanislaus AW provided copies of Youth Committee meeting agendas documenting discussion of the parent of an eligible youth vacancy.

State Conclusion: Based on Stanislaus AW's response, we cannot resolve this issue at this time. As of June 10, 2010, the parent of an eligible youth position remains vacant. We recommend that Stanislaus AW provide CRO with a corrective action plan (CAP) showing the steps, including a timeline, that it will take to fill the parent of an eligible youth vacancy. Once filled, we recommend that Stanislaus AW provide CRO with a copy of the Youth Council roster. Until then, this issue remains open and has been assigned CATS number 90158.

FINDING 2

Requirement: 20 CFR 664.215 states, in part, that registration is the process for collecting information to support a determination of eligibility.

WIAD04-18 states, in part, that Local Workforce Investment Areas are responsible for ensuring that adequate documentation

(including applicant statements) is contained in participant case files to minimize the risk of disallowed costs.

Observation:

In one case file reviewed from Stanislaus AW's subrecipient Central Valley Opportunity Center, Inc. (CVOC), we noted that on August 29, 2007, a case note states that the participant was over income for eligibility in the WIA program. The case note states that the participant should return after the birth of his child as he would likely be eligible at that time. However, the following day, August 30, 2007, the participant signed an applicant statement indicating that he earned less money than the case manager noted in the case notes the prior day. There is no documentation explaining this discrepancy.

Recommendation:

We recommended that Stanislaus AW provide CRO with documentation explaining this discrepancy and demonstrating that the participant was eligible for the WIA youth program.

Stanislaus AW Response:

The Stanislaus AW stated that they have contacted CVOC and verified that the client was over income at the beginning due to errors made in his statement of income. The client, according to CVOC, was living with his girlfriend's parents and had inadvertently listed their incomes along with his own income on the form. However, the case manager at CVOC noticed this error in the course of interviewing the client and rectified it. As such, the client became eligible based on the new income. The case manager provided a written statement. Stanislaus AW provided copies of these documents.

State Conclusion: We consider this finding resolved.

FINDING 3**Requirement:**

WIA Section 185(c)(2) states, in part, that each Local Board and each recipient receiving funds shall maintain comparable management information systems, designed to facilitate the uniform compilation and analysis of programmatic and financial data necessary for monitoring and evaluating purposes.

In addition, WIA 185 Section(d)(1)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are

enrolled, and the length of time that participants are engaged in such programs and activities.

The Department of Labor, Training and Employment Guidance Letter (TEGL) 17-05 states, in part, that the focus of the certificate measure is attainment of measurable technical or occupational skills, rather than work readiness skills. Additionally, work readiness certificates will not be accepted as the attainment of a degree or certificate.

Observation: We found 1 of 8 participant case files reviewed from Stanislaus AW's subrecipient CVOC contained a job readiness certificate that was used to document the attainment of a degree or occupational certificate.

Additionally, we found 3 of 8 participants from CVOC were credited with attaining certificates that were actually certificates of participation. These participants were recognized for attending class, not for completion of an occupational skill class. For example, one certificate of participation was issued despite the participant having been dropped from the class due to lack of attendance.

Recommendation: We recommended that CVOC revise its JTA reports to show the removal of outcomes reported for attaining a certificate for job readiness or for participation, and not for completion, of an occupational skills class and send CRO documentation of its actions. In addition, we recommended that Stanislaus AW review all reported outcomes for attaining a certificate and similarly back out those outcomes inappropriately reported to the State. Once completed, provide CRO with a CAP, including a timeline, describing how it will ensure that, in the future, Stanislaus AW will report only degrees or certificates attained for technical or occupational skills.

**Stanislaus AW
Response:**

The Stanislaus AW stated that CVOC has revised the past reports it submitted to remove those certificates originally submitted and claimed towards attainment of performance standards but have been found to be ineligible because they are excluded in TEGL 17-05. In the future, in order to prevent a recurrence of this problem, copies of all certificates of achievement to be awarded to participants by contractors and/or service providers shall first be submitted to Stanislaus AW's

Financial and Clients' Tracking Unit (FACT) staff for review, verification and authentication.

Finally, Stanislaus AW provided documentation that outcomes inappropriately reported to the State were backed out of JTA.

State Conclusion: We consider this finding resolved.

In addition to the findings above, we identified a condition that may become a compliance issues if not addressed. Specifically, we found that one of Stanislaus AW's youth providers are using the Comprehensive Adult Student Assessment System (CASAS) appraisal test for all steps of its youth literacy and numeracy testing process: appraisal, pre-test, and post test. The CASAS appraisal aids in the placement of learners into instructional programs and levels within those programs. Pre- and post-tests are designed to monitor progress within an instructional level. Therefore, appraisals are not appropriate for pre-testing, and post-testing and should not be used to measure learning gain. We suggested that Stanislaus AW review its youth provider's literacy and numeracy testing processes to ensure that the CASAS assessment is conducted according to the testing procedures provided by the CASAS system. Furthermore, we suggested that Stanislaus AW take the necessary corrective action to revise it's system to measure literacy and numeracy gains to ensure that the results will be acceptable as a claimed performance outcome. You may contact the CASAS organization at 1-800-255-1036 or casas@casas.org. Furthermore, we strongly suggested that you contact your Regional Advisor for additional information and assistance.

In its response, Stanislaus AW stated that they have embarked on a review and analysis of their basic skills assessment processes and procedures to determine efficiency and effectiveness in meeting WIA requirements. The result of the review will enable Stanislaus AW to make necessary changes that will ensure accurate measurement of clients' literacy and numeracy gains that are acceptable as claimed performance outcomes under WIA. The Stanislaus AW's response adequately addressed our concerns and no further action is necessary.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than August 11, 2010. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

Mr. Jeffrey Rowe

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July 14, 2010

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is Stanislaus AW's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain Stanislaus AW's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Roni Armstrong, MIC 50
Greg Gibson, MIC 50
Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45